



P.O. Box 430
Buffalo, NY, 14240
(843) 614-2202

March 17, 2022

Sent via electronic mail to:

Ambaji, Inc. C/O Jack Patel
5704 Portsmouth Place
Brentwood, TN 37027

RE:

Insured: Ambaji, Inc. La Vergne DBA Econo Lodge
Policy #: IH660-7E96815A-TIA-20
Claim/File#: FEF9077
Date of Loss: 3/25/2021
Underwriting Company: Travelers Indemnity Company of America

Dear Mr. Patel,

I am writing in response to your 2/25/2022 email and facsimile seeking to invoke the appraisal process as set forth in policy IH660-7E96815A-TIA-20 ("Policy") issued to Ambaji, Inc. La Vergne DBA Econo Lodge by Travelers Indemnity Company of America ("Travelers"). In that communication you stated you have selected Zachary Baker of Spartan Public Adjustments as your designated appraiser in the process.

This letter will provide you a comprehensive response and request additional information needed to confirm whether we can move forward with appraisal at this time.

On 11/22/2021, Travelers received a repair estimate of \$716,831.31 from William Griffin, Public Adjuster, which included the repair of exterior hail damage and the repair of water damage to the interior of your building located at 107 Enterprise Blvd La Vergne, TN 37086.

On 2/7/2022, we provided Mr. Griffin with our initial estimate to repair the exterior hail damage to the building with an explanatory letter advising that no coverage was afforded for the interior damage caused by rain as the roof or walls did not sustain damage by a Covered Cause of Loss allowing the rain to enter the interior of the building.

Travelers made several unsuccessful contact attempts to discuss the estimate differences with Mr. Griffin.

On 3/10/2022, after discovering a quantity issue relating to the metal roof, Travelers provided you and Mr. Griffin with a revised estimate to repair the exterior hail damage to the building totaling \$205,272.98 at replacement cost value ("RCV") and \$190,693.09 at actual cash value ("ACV").

Payments totaling \$185,693.09 (ACV less the \$5,000 policy deductible) have been issued.

Kindly refer to the **CP T1 00 02 17 Building and Personal Property Coverage Form** on pages 12 through 14 (of 20) which states the following:

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

4. Loss Payment

- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

The Policy provides appraisal as possible dispute resolution option when we “disagree on the value of property or the amount of loss . . .”. However, your letter does not state the amount or scope of items that are in dispute.

Appraisal is limited to factual disputes over the amount of loss and cannot determine causation or resolve a dispute of coverage. Your demand does not provide any information indicating that there is a dispute as to coverage or causation for the interior water damage. As set forth above and explained in our 2/7/2022 letter, there is no coverage for the interior damage portion of the estimate provided by Mr. Griffin. Accordingly, causation or coverage for the interior water damage is not appraisable.

The Policy also provides that the appraisers be competent and impartial.

Currently, we request you provide the following at your earliest convenience:

- ***A complete copy of the signed agreement with your named appraiser, Zachary Baker.***
- ***Confirmation of the scope, and amount, of damages you are seeking to resolve via the Appraisal process, along with all available documentation supporting those damages.***

Once you have provided this information, Travelers can confirm which disputed amounts can be resolved via appraisal, subject to the following terms:

- As set forth in the Policy, each party will designate an appraiser.
- Each appraiser will make a separate determination of (1) the actual cash value and replacement cost value of items that Ambaji, Inc. Lavergne DBA Econo Lodge has identified as damaged prior to the commencement of the appraisal; and (2) the actual cash value and replacement cost of items Travelers has identified as damaged prior to the commencement of the appraisal.
- If the appraisers do not agree on the actual cash value and the replacement cost with respect to each item, they will submit the differences to an umpire according to the terms set forth in the policy.
- The umpire will then issue an award that separately identifies (1) actual cash value and replacement cost of items that Ambaji, Inc. Lavergne DBA Econo Lodge has identified as damaged prior to the commencement of the appraisal; and (2) the actual cash value and replacement cost of items Travelers has identified as damaged prior to the commencement of the appraisal.
- All other terms of the Policy's Appraisal provision will remain in force.

Travelers cannot proceed with appraisal without these terms. If you agree to proceed in this manner, Travelers designates Rodney Ray of IN-Line Consulting as our appraiser. Mr Ray may be contacted at 770.544.0313 or rray@inline.us.

Travelers' actions in proceeding with appraisal are not a waiver of any policy provision, term, exclusion, or condition. Travelers' actions in proceeding with appraisal are not a concession that this matter may be subject to appraisal. In proceeding with appraisal, Travelers does not waive the right to assess appraisal on a case-by-case basis, both on this claim and all future claims, and Travelers does not waive any rights under the Policy or applicable law in any way.

This appraisal is limited to determination of the actual cash value, the amount of loss or the cost of repair or replacement of the items identified by the parties prior to the commencement of the appraisal. Should additional damage be identified during the appraisal, Travelers must be allowed to inspect and adjust the newly identified damage before any appraisal award is issued. Should any appraisal award be made outside of these parameters, Travelers reserves the right to deny payment of the appraisal award.

Travelers shall not be obligated for any appraisal award for items not identified prior to the commencement of the appraisal. Any appraisal award shall be made specifically according to the categories of items to be appraised described above. A proposed Appraisal Award Form will be provided when the additional information requested is provided.

Per the Policy terms for appraisal, each party's appraiser shall state separately the value of the property and amount of loss. If the appraisers fail to agree, the differences will be submitted to the umpire. Travelers shall not be obligated for any appraisal award not based on the appraisers' differences.

Further, Traveler's appraiser must be given the opportunity to be involved in the process to conclusion. This includes having an equal input in areas pertaining to, but not limited to:

identification of an umpire, negotiations in determining pricing for repairs, direction to be taken for repairs, and any other process associated with the appraisal.

Travelers reserves the right to file with a court of competent jurisdiction an injunction or declaratory judgment proceeding to stay or set aside any appraisal award if Travelers' appraiser is not fully involved with the selection or appointment of an umpire, or if an award is handed down outside the above terms of appraisal or not based on the appraiser's differences or otherwise outside the parameters of the appraisal process. Further, Travelers reserves its right to contest coverage for any appraisal award based on the Policy terms and conditions.

As previously discussed with Mr. Griffin, should the cost or time constraints of an appraisal cause concerns, we are open to discussing the repair estimate differences under a confidentiality agreement in an attempt to reach an amicable agreement as to the scope and cost of the covered damages prior to entering the formal appraisal process. Should you be interested in this approach, Travelers would propose having a third-party contractor provide a repair estimate to repair the covered hail damage at the loss location so the parties could consider that estimate in their discussions. Since the discussions would be subject to confidentiality, the substance of those discussions could not be used by either party should an agreement not be reached and either appraisal, or litigation, ensue. When previously discussed with Mr. Griffin he indicated he was not interested in such a process. However, if you would please confirm that is also your position, we can certainly proceed with appraisal pursuant to the above terms if that is the course of action you wish to pursue.

Travelers expressly reserves all of its rights afforded by the insurance policy as well as those afforded by applicable law. No act of the company or any of its representatives should be considered a waiver or a basis for estoppel under the policy, or at law.

Sincerely,



Dan Wells | General Adjuster
Business Insurance Major Case Unit
Travelers Indemnity Company of America
Work: 843.614.2202 Fax: 866.381.6247

CC:
William Griffin
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Gadsden, TN 38337

CC:
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214 W College St.
Murfreesboro, TN 37130